

SUMMARY OF AUDIO VISUAL ROUNDTABLE

January 12, 2005

MODERATOR: Bonnie, Richardson, MPAA

PANELISTS: Laura Lane, Time Warner
Mary Pitelli, Discovery Communications

RAPPORTEUR: Anissa Whitten, US State Department

The moderator began the discussion with a historical analysis of WTO audiovisual services negotiations. She stated that the U.S. and EC were polarized during the Uruguay Round and distinguished U.S. industry objectives during the Uruguay Round, which were more comprehensive and far-reaching, from U.S. industry objectives for the Doha Round, which are more limited in scope. She added that the set of economic activities related to audiovisual services being considered during the Doha Round is far broader in part due to technological changes, more varied given business model changes, and more international than was generally the case during the Uruguay Round negotiations.

Panelists highlighted three of their key objectives for the Doha Round:

- 1) Bind current level of market access across the value chain. Panelists stated that locking in current access provides greater predictability and certainty about the types of activities in foreign markets that they can participate in and ensures that the market will not become more restrictive.
- 2) Update the classification system to reflect current market realities. Panelists stated that audiovisual products and services are being delivered by new technologies, such as Direct-to-Home satellite and Broadband, not captured by the current classification system.
- 3) Ensure that current DDA negotiations catch up with today's commercial paradigm, i.e. that the negotiations consider that multinational companies are partnering with diverse local companies throughout the world to the benefit of all parties. Panelists stated that consumers want to see local stories and that U.S. industry has changed its business practices to meet this demand by partnering with local companies, developing local stories, etc.

Panelists noted that countries interested in exporting content must recognize that restraining access to their market may have the unintended effect of limiting their ability to access the technology necessary to deploy content because limiting market access constrains investment in technology and infrastructure services. Consequently, by limiting market access in an effort to promote local content, countries often times hurt their domestic industry.

With regard to the EC's MFN exemption on quotas, panelists stated that they were not seeking the elimination of quotas, having adapted their business to work within the quota regime.

Panelists drew a linkage between audiovisual services and other services sectors, such as distribution and cinema theatre construction, explaining that liberalization in these areas would provide them some additional market access and help develop the global audiovisual market to

the benefit of all players. Panelists also drew a linkage between the services and goods negotiations and stated that they would like a zero tariff on audiovisual-related products, such as films, videos and electronic transmissions. Panelists stated that zero tariffs would allow them to better compete with pirates who do not incur the added costs of tariffs to their illegal goods.

Similarly, panelists discussed at length the link between market access and combating piracy. Panelists urged WTO members to encourage legitimate business activity in the sector rather than inciting piracy through market restrictions, explaining that legitimizing business is valuable to the economy and generates jobs and a tax base. For example, panelists noted that profits lost through piracy detract from resources that would otherwise be spent on local production and reinvestment in local industry. Panelists also underscored piracy's devastating impact on small, local industries not able to recoup money lost through piracy, illustrating that Hong Kong's local industry exploded once it addressed piracy.

Panelists recognized that the DDA goals currently do not include negotiating additional copyright disciplines and that the TRIPS agreement would not be fine-tuned at this time to address new market realities, such as digital downloading. Panelists observed that tackling intellectual property rights in the GATS negotiations as an additional commitment request or otherwise would overburden already complex negotiations. The panel concluded by stressing the importance of promoting market access where possible in the DDA as an important means for global growth in the sector and for advancing anti-piracy efforts around the world.